DEPARTMENT OF FOOD AND AGRICULTURE   **William (Bill) J. Lyons, Jr., Secretary**

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November 4, 2002

To the Market Milk Producer or Handler Addressed:

The California Food and Agricultural Code (Code) authorizes the Secretary of Food and Agriculture to establish a Market Milk Administration Fee (Fee) on market milk (Grade A) sold into commercial trade channels in California to fund the operations of the Dairy Marketing Branch.

Last fall, the Branch determined that it had sufficient funds to administer the program without continuing to collect the Fee. As such, the Fee was suspended as of November 1, 2001 and has remained in suspension for the past year.

The Branch's cash balance is currently at a level such that it is necessary to reestablish the Fee at its *previous level* of one and five-tenths cents ($0.015) per hundredweight. Two-thirds of the assessment is paid by producers of market milk and one-third is paid by handlers of market milk. The Fee will go into effect with milk received by market milk handlers beginning **December 1, 2002.**

This Fee is collected pursuant to Section 62211 of the Code as shown on the reverse side of this letter. *Please note that Section 62211 authorizes an assessment rate that is higher than the level that is being implemented.* The following section of the Code also (§ 62212) authorizes the Secretary to fix the Fee at a lesser amount.

Because milk handlers are responsible for remitting both producer and handler assessments to the Department, we are enclosing a copy of the Milk Pooling Statement of Accounts for handlers to identify the reestablished Fee.

Anyone requiring a copy of the Order of the Secretary that reestablishes the assessment may obtain one by contacting the Branch at the phone number above or by accessing our website at www.cdfa.ca.gov/dairy.

Sincerely,

David K. Ikari, Chief
Dairy Marketing Branch

Enclosure

EXTRACT FROM THE FOOD & AGRICULTURAL CODE

62211. Every handler subject to the provisions of any stabilization and marketing plan, including a producer-handler, shall deduct as an assessment from payments made to producers for market milk, including the handler's own production, the sum of one and six-tenths cents ($0.016) per hundredweight of market milk.
   The amount of the assessments so deducted shall be paid to the director on or before the 45th day following the last day of the month during which such market milk was received.
   Every handler subject to the provisions of any stabilization and marketing plan that purchases or handles market milk from producers, including the handler's own production, if any, shall pay a fee of eight-tenths of one cent ($0.008) per hundredweight of market milk.
   The amount of such fee shall be paid to the director on or before the 45th day following the last day of the month in which such market milk was received.

62212. The director may fix the rates of assessments or fees required by Section 62211 at lesser amounts, and may adjust the rates of assessments or fees from time to time, whenever he or she finds that the cost of administering the provisions of this chapter, including any allocation of funds made pursuant to Section 38986, can be defrayed from revenues derived from the lower rates. However, the rate of assessments deducted from payments to producers for market milk, including the handler's own production, and the rate of fees paid by handlers shall, at all times, be in the ratio of 2 to 1, except that this ratio need not be achieved during a six-month period following the transfer of any fund surplus pursuant to Section 62574.

62213. Any assessment or fee or either of them payable pursuant to any provision of this article is a debt of the person by whom such assessment or fee or either of them is payable and shall be due and payable to the director upon the date set forth in Section 62211. If such person does not pay such assessment or fee or either of them upon the required date, the director may file a complaint against such person in a state court of competent jurisdiction for the collection of such assessment or fee or either of them.
   If any such person does not pay to the director the assessments or fees or either of them provided for in this article, on or before the date specified in Section 62211, the director may add to such unpaid assessments or fees or either of them an amount not exceeding 10 percent of such unpaid assessment or fees or either of them to defray the cost of enforcing the collection of such unpaid assessments or fees or either of them.

STATE OF CALIFORNIA
DEPARTMENT OF FOOD AND AGRICULTURE
MILK POOLING BRANCH

ASSESSMENT INVOICE FOR DECEMBER 2002

ASSESSMENT	POUNDS	RATE	DOLLAR VALUE	ASSESSMENT TOTAL
POOL ADMINISTRATION FEE		0.000050		
MARKET MILK ADMINISTRATION FEE				
PRODUCER		0.000100		
HANDLER				
PRODUCT RECEIVED FROM PRODUCER				
LESS BULK PRODUCT SHIPPED OUT				
NET HANDLER FEE		0.000050		
MANUFACTURING MILK ADMIN FEE				
PRODUCER		0.000120		
HANDLER				
PRODUCT RECEIVED FROM PRODUCER				
NET HANDLER FEE		0.000060		
DAIRY FOOD CONTROL FEE				
PRODUCER		0.000008		
HANDLER				
PRODUCT RECEIVED FROM PRODUCER				
LESS BULK PRODUCT SHIPPED OUT				
NET HANDLER FEE		0.000004		
DAIRY COUNCIL FEE				
PRODUCER				
CLASS 1 PRODUCER RECEIPTS		0.000150		
OTHER PRODUCER RECEIPTS		0.000060		
MANUFACTURING PRODUCER RECEIPTS		0.000060		
NET PRODUCER FEE				
HANDLER				
OTHER MILK PROCESSED		0.000060		
NET HANDLER FEE				
MARKET ORDER ASSESSMENT (MARKET)		0.001000		
NET CHARGE				
MARKET ORDER ASSESSMENT (MANUFACTURING)		0.001000		
PRODUCER SECURITY TRUST FUND				
CLASS 3 FAT		0.007100		
CLASS 3 SNF		0.002900		
NET CHARGE				
TOTAL FOR ALL ASSESSMENTS				

WHEREAS, Section 62211 of Division 21, Part 3, Chapter 2 of the Food and Agricultural Code of the State of California requires every handler in the State of California who purchases or handles market milk from producers, including the handler's own production, to pay the Secretary of Food and Agriculture a fee of eight-tenths of one cent ($0.008) per hundredweight of market milk, and to deduct as an assessment from payments made to producers for such market milk, including the handler's own production, the sum of one and six-tenths cents ($0.016) per hundredweight of market milk and to remit the amount of such assessments to the Secretary of Food and Agriculture; and

WHEREAS, Section 61412 of Division 21, Part 3, Chapter 1 of the Food and Agricultural Code of the State of California requires every handler in the State of California who purchases or handles manufacturing milk from producers to pay to the Secretary of Food and Agriculture a fee of six-tenths of one cent ($0.006) per hundredweight of manufacturing milk and to deduct as an assessment from payments made to producers for such manufacturing milk the sum of one and two-tenth cents ($0.012) per hundredweight of manufacturing milk and to remit the amount of such assessments to the Secretary of Food and Agriculture; and

WHEREAS, the revenues derived from such fees and assessments are to be used for the purpose of defraying the costs incurred in administering the provisions of Chapters 1, 2, and 2.5 of said Division 21, Part 3; and

WHEREAS, Sections 61413 and 62212 of said Chapters 1 and 2 provide that the Secretary of Food and Agriculture may fix the rates of assessments or fees required by Sections 61412 and 62211 at lesser amounts or may adjust such rates of assessments or fees from time to time, whenever he finds that the cost of administering the provisions of said Chapters 1 and 2 can be defrayed from revenue derived from such lower rates, provided that the adjusted rate of assessments deducted from payments to producers and the rate of fees paid by handlers shall at all times be in the ratio of 2 to 1; and

WHEREAS, such Market Milk assessments were suspended effective November 1, 2001 through November 2002; and

WHEREAS, the Department hereby finds that it is necessary to increase the Market Milk assessments in order to defray Departmental expenses to administer the provisions of said Chapters 1, 2, and 2.5.

NOW, THEREFORE, I, David K. Ikari, Chief of the Dairy Marketing Branch of the California Department of Food and Agriculture, acting pursuant to and by virtue of the authority vested in me by Chapters 2 and 2.5, Part 3, Division 21 of the Food and Agricultural Code, do hereby establish the assessments or fees required to be paid to the Department of Food and Agriculture, effective December 1, 2002 and thereafter until further notice:

Grade A or Market Milk
    (1)   Every handler in the State of California who purchases or handles market milk from producers, including the handler's own production, if any, shall remit an assessment of five-tenths of one cent ($0.005) per hundredweight of market milk levied against handlers; and

    (2)   Every handler shall deduct and remit an assessment from payments made to producers of market milk, including the handler's own production, one cent ($0.01) per hundredweight of market milk.

Grade B or Manufacturing Milk

    (1) Every handler in the State of California who purchases or handles manufacturing milk from producers, including the handler's own production, if any, shall remit an assessment of six-tenths of one cent ($0.006) per hundredweight of manufacturing milk levied against handlers; and

    (2) Every handler shall deduct and remit an assessment from payments made to producers of manufacturing milk, including the handler's own production, one and two-tenths cent ($0.012) per hundredweight.

It shall be the responsibility of every handler to remit both the producer and handler assessments to the Department in accordance with Section 62211 of said Chapter 2.

By:

David K. Ikari, Chief
Dairy Marketing Branch

Date:_____